

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COM.TEX/SB/811
10 December 1982

Special Distribution

Textiles Surveillance Body

ACTIVITIES OF THE TEXTILES SURVEILLANCE BODY

REPORT TO THE TEXTILES COMMITTEE BY THE TEXTILES SURVEILLANCE BODY¹

Attached is a report by the Textiles Surveillance Body on its activities during the period from 1 November 1981 to 26 November 1982.

This report is submitted to the Textiles Committee pursuant to the requirements of Article 10, paragraph 4, and Article 11, paragraphs 11 and 12 of the Arrangement.

¹Addendum 1 to this document contains tables relating to restrictions notified to the TSB between 1 November 1981 and 26 November 1982.

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Chapter 1. Introduction

Scope and coverage of Report

1. The report of the TSB is submitted to the Textiles Committee under the provisions of Article 10:4 of the MFA, in order to assist the Committee to review the operation of the Arrangement. The report also contains details of information supplied under Article 11:11 and 11:12, on the restrictions maintained by participants.
2. The period covered by this review is 1 November 1981-26 November 1982. It thus covers the final months of the 1977 Protocol of Extension, as well as the first ten months of operation of the 1981 Protocol. In this period, the TSB held nine meetings; its final meeting of 1981, and eight meetings in 1982.
3. The TSB has not in this report attempted to make any overall evaluation of trends in the operation of the Arrangement, as extended by the 1981 Protocol of Extension, on the basis of the agreements and measures notified to it in the period since 1 January 1982. The number and range of new agreements and measures received to date has been too small, to permit such overall conclusions to be drawn at this stage. Nor has the TSB been able fully to review the information submitted under Article 11, since notifications from a number of participants are still outstanding. For this reason, the report is limited to a factual survey of the agreements or measures concluded and any amendments or modifications to them, in the period under review.

Chairmanship and Membership of the TSB

4. At the end of June 1982, Ambassador Paul Wurth, Chairman of the TSB from its inception in 1974, retired from the Chairmanship. Ambassador Marcelo Raffaelli was appointed by the Textiles Committee to succeed Ambassador Wurth from 1 July 1982.
5. In the period under review, the membership of the TSB was as follows:

Members

Alternates

November-December 1981

Mr. C.A.R. Santos-Neves (Brazil)	Mr. S. Delgado (Mexico)
Mr. D.E. Hobson (Canada)	-
Mr. J.R. Beck (EEC)	Mr. J. Scheele (EEC)
Mr. T.H. Chau (Hong Kong)	Mr. H. Hyun (Korea)
Mr. P.C. Jayaraman (India)	Mr. M.A. Bajwa (Pakistan)
Mr. Safioen (Indonesia)	Mr. Siraj Haron (Malaysia)
Mr. T. Sato (Japan)	Mr. Y. Matsui (Japan)
Mr. R.E. Shepherd (United States)	-

Members

Alternates

1982

Mr. J.L. MacNeil (Canada)
Dr. M.A. El Gowhari (Egypt)
Mr. J.R. Beck (EEC)

Mr. T. Sato (Japan)
Mr. H. Hyun (Korea)
Mr. Siraj Haron (Malaysia)

Mr. S. Delgado (Mexico)

Mr. R.E. Shepherd (United States)

Mr. M. Pullinen (Finland)
Mr. M.A. Bajwa (Pakistan)
Mr. J. Scheele (EEC)
(Replaced by Mr. J. Keck
in October 1982)
Mr. Y. Matsui (Japan)
Mr. T.H. Chau (Hong Kong)
Mr. Choophong Angpiroj
(Thailand)
Mr. C.A.R. Santos-Neves
(Brazil)

Chapter 2. Review of Notifications

A. Procedural questions

6. During the period under review, which included that of the transition between the 1977 and 1981 Protocols of Extension of the MFA, the TSB reviewed a number of actions which had come into effect in the last few months of 1981, as well as actions taking effect from 1 January 1982 or later.

7. The TSB therefore decided that, as a general rule, notifications of actions taking effect in 1981 should be considered as falling under the terms of the 1977 Protocol of Extension, even if their effect carried over into 1982. New agreements or measures concluded with effect from 1 January 1982 or later should be treated as falling under the provisions of the December 1981 Protocol, even if they had been negotiated before 1 January 1982. The TSB would, however, continue to consider all notifications on a case-by-case basis (COM.TEX/SB/762, paragraph 4).

8. Notifications made to the TSB and discussed at its last meeting of 1981 (which was postponed until January 1982 because of the pressure of business in the Textiles Committee in December 1981) were reviewed under the provisions of the 1977 Protocol of Extension.

9. The notifications reviewed by the TSB are set out below; details of observations and recommendations made by the Body are given in Chapter 3.

B. Notifications made under Article 3

Austria/Brazil

10. At its last meeting of 1981, the TSB reviewed a notification by Austria of the extension for one year (1 November 1981-31 October 1982) of its bilateral agreement under Article 3:4 with Brazil, originally concluded in 1978. This extension had been agreed by the two parties in view of the ongoing negotiations for the extension of the MFA.

Pakistan/Finland

11. In its first meeting in March 1982, the TSB had before it a complaint by Pakistan with respect to an emergency action by Finland on imports of T-shirts. Finland requested urgent consultations with Pakistan under Article 3:6 on 24 February 1982, before Finland had signed the 1981 Protocol of Extension. Finland gave notice that from 3 March, T-shirts would be made temporarily subject to import licensing; Finland also asked Pakistan to suspend exports from that date. Finland signed the 1981 Protocol on 5^{1/} March. Following the TSB's discussions and recommendations on these measures^{1/}, Finland resumed the authorization of import licensing on imports of T-shirts from Pakistan on 25 March. Subsequently, a new bilateral agreement under Article 4, superseding this action, was notified to the TSB in July 1982, valid for the period 1 May 1982 to 31 July 1986. (See paragraph 21 below)

^{1/} The TSB's comments and recommendations on these measures are contained in paragraphs 43 to 48 below.

Notifications received and/or reviewed of action
under Article 3 since 1 November 1981 to 26 November 1982

Importing country	Bilateral agreement under 3:4	Unilateral action under 3:5	Unilateral action under 3:6	COM.TEX/SB-
Austria	Brazil ^{1]} 1.11.81- 31.10.82			743
Finland			Pakistan ^{2]}	762
U.S.A.		Indonesia ^{3]} May 1982		

^{1]} Extension of an existing agreement

^{2]} The action was superseded by a bilateral agreement concluded under Article 4 (COM.TEX/SB/780)

^{3]} The TSB has been informed that an Article 4 agreement has subsequently been reached between the parties. This new agreement has not yet been notified.

United States/Indonesia

12. The TSB received a notification from the United States of measures taken under Article 3:5, pending further consultations, to limit imports of cotton shirts and trousers from Indonesia for the period 28 May 1982-27 May 1983. The TSB was also informed that an Article 4 agreement had subsequently been reached between the parties. (This agreement has however not yet been notified).

C. Notifications made under Article 4

(i) Actions received and reviewed by the TSB

(a) Actions taken during 1981 under the 1977 Protocol

13. In its final meeting of 1981, the TSB reviewed three Article 4 notifications. Sweden notified a new bilateral agreement with Thailand valid for the period 1 July 1981 to 30 June 1983. The product coverage of restraints was, as in the previous agreement between the parties, shirts, knitted sweaters, overcoats and jackets, trousers, costumes, dresses and skirts, blouses, towels, and a "rest group" comprising socks and stockings, knitted underwear, other outer garments, woven nightwear, travelling rugs and blankets, and bed linen. The United States notified an amendment to its agreement with Pakistan, increasing consultation levels on cotton gloves, women's and girls' trousers, and nightwear for the period 1 January 1981 to 30 June 1982; and modifications to its agreement with Korea, in which Korea agreed to reductions in swing and non-use of carryover and/or carry forward, for eleven categories in 1981.

14. During 1982, the TSB reviewed the following Article 4 measures which had become effective in 1981 under the 1977 Protocol:

15. The EEC notified modifications to its agreements with Korea, Poland, Macao, Sri Lanka and Thailand. New restraints for the Community as a whole were agreed with Korea on women's woven outerwear for 1981 and 1982 and on dresses for 1982; restraints were also agreed on exports of knitted swimwear into France for 1981 and 1982 and woven swimwear into Benelux for 1982. With Poland, a new restraint on outer garments had been agreed for 1981 and 1982. With Macao, new restraints were agreed on imports of knitted swimwear and outer garments into France for July-December 1981 and the year 1982; for knitted undergarments into the Community, babies' knitted undergarments into France, bathrobes and tracksuits into the Community, for 1981 and 1982 with 6 per cent growth. With Sri Lanka, a new restraint was agreed on imports of anoraks into Benelux for 1981 and 1982 with 6 per cent growth; and new restraints on imports from Thailand had also been agreed on anoraks into Denmark, France and the United Kingdom and on women's nightwear into Benelux, for 1981 and 1982 with 6 per cent growth in each case.

16. The EEC also notified the extension of its agreements with Egypt and Pakistan for the period 1 January-31 December 1982. These extensions were agreed during November/December 1981, under the terms of the relevant bilateral agreements.

17. Finland notified an amendment to its bilateral agreement with Hong Kong for the period 1 August 1981-31 July 1982, in which blouses were for the first time brought under restraint.

18. The United States notified amendments and/or modifications to its bilateral agreements with Brazil, Hong Kong, Korea, Pakistan, Singapore and Thailand. For Brazil, increases in 1981 consultation levels for cotton poplin and broadcloth and men's and boys' knitted shirts, including T-shirts and sweatshirts, were agreed. New limits for Hong Kong for 1981 and 1982 were established, following consultations, on men's and boys' man-made fibre coats and jackets, and for Korea new limits on "other cotton woven fabrics, n.e.s.", women's, girls' and infants' trousers of man-made fibre, and brassieres and other body support garments were also established for 1981 after consultations. As regards Pakistan, a reduction in the overall level for Category 339 (knitted cotton shirts and blouses) was agreed for the period 1 January 1981-30 June 1982 in return for an increase in the sub-category 339 part (all except T-shirts and sweatshirts); in a second amendment a further increase in the part-item was made. Consultation levels for Singapore in 1981 were increased for cotton twill, sateens and duck. Consultation levels for 1981 were also increased for Thailand in cotton poplin, broadcloth and printcloth and other woven fabrics as well as for woven fabrics of non-continuous man-made fibres.

(b) Actions introduced in 1982, falling under the 1981 Protocol

19. During its 1982 meetings, the TSB reviewed the following notifications under Article 4 of agreements, extensions of agreements, or amendments or modifications, effective from 1 January 1982 or later and hence considered as falling under the 1981 Protocol of Extension:

New or extended agreements

20. The TSB reviewed a new agreement notified by Austria with the Philippines, containing restraints on exports of shirts and blouses, valid from 1 August 1982 to 31 July 1983, and the extension of the Austrian agreement with Hong Kong from 1 February 1982 to 31 January 1983.

21. A new agreement concluded by Finland with Hong Kong was reviewed; valid from 1 August 1982 to 31 July 1984, with restraints on exports of underpants and briefs, shirts and blouses, and brassieres, and maintaining an export authorization system for infants' briefs, sweaters and T-shirts, peaked caps, and ties of man-made fibres; also a new Finnish agreement with Macao, introducing restraints on men's and boys' briefs, and on brassieres, from

¹ See note on new Finland/Hong Kong agreement, paragraph 21 below.

1 May 1982 to 31 December 1986 and continuing restraints on blouses, shirts, and women's and girls' briefs, from 1 July 1982 to 31 December 1986; and a new agreement with Pakistan (replacing the Article 3 action mentioned above) introducing restraints on T-shirts for the period 1 May 1982 to 31 December 1986.

22. The TSB reviewed new agreements notified by the United States with Brazil, Japan, Mexico, Pakistan and Singapore. The new agreement with Brazil, covering cotton and man made fibre products, replaces an earlier restraint agreement on cotton and a consultation agreement on man made fibre products, and is valid from 1 April 1982 to 31 March 1985.

23. The United States' new agreement with Japan, valid from 1 January 1982 to 31 December 1985, extends the previous bilateral consultation agreement concluded in 1979; extends restraints concluded under this agreement on ten product categories (women's and girls' cotton and wool coats, cotton and wool trousers, wool skirts, cotton gloves, knitted cotton shirts and blouses, woven fabrics of continuous mmf, woollen and worsted fabrics and "other" woven fabrics); introduces a new restraint on knitted cotton shirts, and removes a previous restraint on one mmf yarn category.

24. The new agreement with Mexico, valid from 1 January 1982 to 31 December 1985, is a simple extension of the terms of the previous agreement. Restraints on one category, acrylic yarns, have been removed, and nine categories or combined categories remain under restraint, covering cotton and mmf coats, trousers, knit shirts and blouses, and brassieres of mmf. With Pakistan, the United States notified two measures: an amendment to the previous agreement, curtailing the period of the agreement by six months to end on 31 December 1981, and a new agreement valid from 1 January 1982 to 31 December 1986, covering cotton products and with restraints on ten categories, comprising cotton sheeting, printcloth, duck, towels, gloves, shirts, blouses, and trousers within an aggregate limit. The new agreement with Singapore, valid from 1 January 1982 to 31 December 1985, which is a straightforward extension of the previous agreement on cotton, wool and manmade fibre products, contains aggregate, group and specific limits, covering cotton, wool and mmf coats, cotton and mmf shirts, knitted blouses, trousers, mmf suits and spun non-cellulosic yarn.

Amendments or modifications to agreements

25. The TSB reviewed notifications by the EEC of modifications for 1982 to its agreements with Brazil, introducing agreed limits on exports of babies' wear into Benelux; Sri Lanka, on exports of parkas, anoraks, etc., to France; Egypt, on T-shirts to France and Ireland; India, for men's and boy's jackets to Ireland; Indonesia, introducing Community limits on trousers, blouses and shirts; Korea, briefs to the whole Community, women's knitted suits into the United Kingdom and Ireland, and baby clothes into the United Kingdom; Macao, women's knitted suits into the United Kingdom and Ireland; Thailand, on socks into France.

Notifications received and/or reviewed under Article 4
since 1 November 1981 to 26 November 1982

N: New agreement E: Extension M: Modification T: Termination

Importing country	Exporting country	Agreement period	COM.TEX/SB/-
Austria	Hong Kong (E)	1.2.82-31.1.83	771
	Philippines (N)	1.8.82-31.7.83	792
	Korea (N)	1.8.82-31.12.86	[*]
EEC	Brazil (M)	1.1.82-31.12.82	767
	Egypt (E+M)	1.1.82-31.12.82	800,804
	India (M)	1.1.82-31.12.82	766
	Indonesia (M)	1.1.82-31.12.82	791
	Korea (M)	1.1.81-31.12.82	755,805
	Macao (M)	1.1.81-31.12.82	757,806
	Malaysia (M)	1.1.82-31.12.82	[*]
	Pakistan (E)	1.1.82-31.12.82	799
	Philippines (M)	1.1.82-31.12.82	[*]
	Poland (M)	1.1.80-31.12.81	756
	Singapore (M)	1.1.82-31.12.82	[*]
	Sri Lanka (M)	1.1.81-31.12.82	758,769
Thailand (M)	1.1.81-31.12.82	759,768,[*]	
Canada	Macao (N)	1.1.82-31.12.86	[*]
	Malaysia (N)	1.1.82-31.12.86	[*]
	Poland (N)	1.1.82-31.12.86	[*]
	Romania (N)	1.1.82-31.12.86	[*]
	Thailand (N)	1.1.82-31.12.86	[*]
Finland	Hong Kong (a) (M)	1.8.81-31.7.82	785
	(b) (N)	1.8.82-31.7.84	786
	Macao (N)	1.5.82-31.12.86	781
	Pakistan (N) ^{1/}	1.5.82-31.7.86	780
Sweden	Thailand (N)	1.7.81-30.6.83	744
United States	Brazil (a) (M)	1.4.79-31.3.82	752
	(b) (N)	1.4.82-31.3.85	777
	Colombia (M)	1.7.78-30.6.82	797
	Hong Kong (a) (M)	1.1.81-31.12.82	754
	(b) (N)	1.1.82-31.12.87	[*]
	India (M)	1.1.82-31.12.82	773
	Japan (a) (M)	1.1.79-31.12.81	794
	(b) (N)	1.1.82-31.12.85	795
	Korea (M)	1.1.78-31.12.82	746,753
	Mexico (N+M)	1.1.82-31.12.85	749,796
	Pakistan (a) (N+M)	1.1.81-30.6.82	745,750,775
	(b) (N)	1.1.82-31.12.86	776
	Singapore (a) (M)	1.1.78-31.12.81	763
(b) (N+M)	1.1.82-31.12.85	764,765,784,802	
Sri Lanka (M)	1.5.82-30.4.83	787,798	
Thailand (M)	1.1.81-31.12.81	751,803	

^{1/}Replaces action taken under Article 3:6 (see COM.TEX/SB/762)

[*] Notifications recently received, and still under consideration by the TSB.

26. The TSB reviewed notifications by the United States of an amendment to its MFA II agreement with Colombia, increasing the consultation level for women's and girls' woollen coats; an amendment to the agreement with India, increasing consultation levels on cotton gloves, women's, girls' and infants' cotton coats, cotton skirts, nightwear and other apparel, and woven mmf blouses; and amendments to its new agreements with Mexico and Singapore, bringing four categories relating to down and feather-filled apparel within the scope of the bilateral agreements. Further amendments to the new agreement with Singapore were reviewed, permitting carryover for cotton trousers from the last year of the old agreement (1981) into 1982, modifying the consultation level for wool sweaters, increasing consultation levels for woven blouses of cotton or mmf and woven fabrics of non-continuous mmf, and introducing a new specific limit for other woven cotton fabrics. Two amendments to the agreement with Sri Lanka were reviewed, introducing new sub-limits for shirts and blouses and introducing limits on men's and boys' cotton trousers and woollen sweaters for the period 23 November 1981 to 30 April 1983. The United States also notified a number of amendments to the MFA II agreement with Thailand. In these, the consultation limit for cotton sweaters was increased; a new merged category created for printcloth for the year 1982; the agreement was extended by six months to end in June 1983; and the consultation level for Category 320 (other woven cotton fabrics) was increased.

(ii) Actions notified to the TSB, but still under consideration

27. The following notifications have been received by the TSB, and are still under consideration:

- New Article 4 agreements between Austria and Korea, between Canada and Macao, Malaysia, Poland, Romania and Thailand, and between the United States and Hong Kong;
- Modifications to the EEC's agreements with Malaysia, the Philippines, Singapore and Thailand.

D. Notifications received under Articles 7 and 8

(i) Agreements or amendments to agreements with non-participants

28. Four notifications of agreements or measures concluded with non-participating countries were transmitted to the Textiles Committee by the Body, bearing in mind the recommendations by the Textiles Committee that action taken vis-a-vis non-participants should be notified to the TSB. These were: a new bilateral agreement between Sweden and Malta, valid from 1 July 1981 to 30 June 1983, containing restraints on overcoats, jackets, trousers, costumes, dresses, skirts, blouses and miscellaneous clothing and made-up articles; a new agreement between the United States and Haiti, valid from 1 March 1982 to 29 February 1984 with specific limits on cotton playsuits, shirts, trousers, and brassieres, mmf hosiery, coats and trousers;

a new agreement between the United States and Mauritius, from 1 October 1981 to 30 September 1985, introducing a restraint on exports of a "knitwear group" consisting of knitted shirts, T-shirts, blouses and sweaters; and two amendments to the United States' bilateral agreement with the People's Republic of China, establishing new limits on cotton coats, knitted shirts, and woollen sweaters for 1981 and 1982, and on a new merged cotton fabric category for the period 19 January-31 December 1982.

(ii) Other measures notified under Articles 7 and 8

29. Austria notified the establishment of export surveillance systems concluded with Singapore and Thailand on woven shirts and blouses. These notifications were made pursuant to Article 7 of the Arrangement.

30. The United States notified under Article 8:4, an export visa system for textile products covered by its bilateral agreement with Macao, and an amendment to its export visa system agreed with Sri Lanka.

31. The EEC made two notifications, under the provisions of Article 7, concerning temporary restrictions on imports from Turkey of certain textile products (shirts including T-shirts, and woven cotton fabrics). These restrictions were imposed under the provisions of Article 60 of the Additional Protocol to the EEC/Turkey Association Agreement, and not under the MFA.

32. As mentioned in the 1981 Annual Report (COM.TEX/SB/742), the EEC also notified an agreement with Korea, pursuant to Article 8, paragraphs 1 and 2 of the Arrangement, in provisional settlement of a claim concerning transshipment of exports from Korea through third countries.

33. Switzerland made a notification under Article 7 of the Arrangement, concerning the extension until 30 June 1983 of the Memorandum of Understanding and administrative arrangement regarding exports of textiles from Hong Kong.

E. Information received under Article 11

34. In July 1982, at its fifth meeting, the TSB agreed that the Chairman should send letters to all participating countries requesting them to provide information on all restrictions maintained by them on textile and clothing products, in order that the Body might carry out its obligations under Articles 11:11, 11:12 and 11:2 of the Arrangement. Countries which had submitted information at the time of the major review of the Arrangement in 1980 and the annual review in 1981 were asked to bring up to date the previous information, taking into account any new measures introduced, or any changes in the measures reported earlier. Participants which had not responded to earlier requests were asked to provide full information on measures in force, by bringing up to date their reports made under Article 2. Participants, non-contracting parties to GATT, were requested to make their reports under Article 2:4.

Notifications received under Articles 7 and/or 8
since 1 November 1981 to 26 November 1982

Notifying country	Exporting country	Article	COM.TEX/SB/-
Austria	Singapore (1.1.82-31.12.82)	Art. 7	770
	Thailand (1.7.82-30.6.83)	Art. 7:3	782
EEC	Korea (1.1.81-31.12.82)	Art. 8:4	739
	Turkey (15.4.82-30.6.82) (7.5.82-31.12.82)	Art. 7	778,807
Sweden	Malta (1.7.81-30.6.83)	Art. 7 & 8	740
Switzerland	Hong Kong	Art. 7	793
United States	Haiti	Art. 7 & 8	808
	Macao	Art. 8:4	761
	Mauritius (1.10.81-30.9.85)	Art. 7 & 8	747
	People's Rep. of China (1.1.81-31.12.82) (19.1.82-31.12.82)	Art. 7 & 8	760 789
	Sri Lanka	Art. 8:4	788

35. By 26 November, replies had been received from twenty-one participants: Austria, EEC, Egypt, El Salvador, Finland, Hong Kong, Hungary, India, Jamaica, Japan, Korea, Macao, Mexico, Poland, Romania, Singapore, Sri Lanka, Switzerland, Thailand, Turkey and the United States. These replies have been transmitted to the Textiles Committee in document COM.TEX/SB/809 and Addenda 1-21. Details of the restrictions notified in these submissions are given in the Addendum to this report.

36. The information supplied by importing participants (Austria, EEC, United States) refers principally to notifications already reviewed by the TSB of agreements or measures taken under the provisions of the MFA or notified under Articles 7 and 8. These have been summarized in paragraphs 10 to 33 above. The notification by the EEC also gives, as in previous years, details of quotas maintained by the member States of the Community vis-a-vis State-trading countries, not participating in the MFA. These arrangements are, to a very large extent, the same as those which were notified in previous years.

37. Most exporting countries which have replied to the request have also notified little change in the situation of restrictions since previous years.

38. Ten participants in the MFA (Argentina, Bangladesh, Brazil, Canada, Colombia, Indonesia, Israel, Malaysia, Pakistan and the Philippines) had not replied to the Chairman's request for information by 26 November. Three other participants (Czechoslovakia, Guatemala and Sweden) acceded to the 1981 Protocol after the original request had been sent. Reminders were sent to all those countries which had not replied. Since notifications from a number of participants are still outstanding, the TSB has not reviewed the Article 11 notifications at this juncture. It has been agreed to revert to this question when a larger number of replies have been received. Participants are therefore urged to expedite their submissions.

Chapter 3. Observations and recommendations by the TSB

A. Notification requirements

39. At its seventh meeting of 1982, the Chairman called the attention of members to the fact that a number of notifications continued to be subject to delay. In this connexion, he recalled to members the provisions of Article 4:4, that full details of agreements entered into in terms of Article 4 are to be communicated to the TSB within thirty days of their effective date.

40. In the course of its review of specific bilateral agreements, the TSB had lengthy discussions of the information requirements for Article 4 agreements, with reference to the procedures set out in COM.TEX/SB/35, Annex B. Recalling these procedures, the TSB decided to keep this matter under discussion.

B. Actions taken under Article 3

Austria/Brazil

41. In reviewing a notification by Austria of the extension of its existing Article 3 agreement with Brazil for one year from 1 November 1981 to 31 October 1982, the TSB, at its last meeting of 1981, noted that, as in the original agreement, growth provided for was less than the rate of 6 per cent laid down in Annex B, and that there was no swing between the products covered.

42. The extension had been agreed in view of the then ongoing negotiations for the extension of the MFA. The two parties had agreed that the situation which had prevailed at the time of negotiation of the original agreement, in 1978, was still existing. In these circumstances, the TSB agreed to transmit this notification to the Textiles Committee.¹

Pakistan/Finland

43. In reviewing Pakistan's complaint against Finland on the Article 3:6 emergency action taken by Finland on imports of T-shirts from Pakistan, the TSB made the following observations:

44. The TSB noted that at the time the action was taken, Finland was not a party to the MFA, as extended by the 1981 Protocol, and therefore found that there was no basis within the Arrangement for a non-participant to take such action.

45. Having due regard to the fact that, subsequent to the action taken, Finland signed the MFA (subject to ratification) on 5 March 1982, the TSB addressed itself to the continuing effect of this measure on Pakistan's exports of the product in question to Finland.

¹ See COM.TEX/SB/748, paragraphs 5-6.

46. Having heard statements from the representatives of Pakistan and Finland, the TSB noted that Finland, in notifying the action to Pakistan, had offered one week's opportunity for prior consultation. However, the procedural requirements of Article 3:3 had not been strictly followed. In addition Finland had not begun to issue the import licences required under the new procedures introduced on 3 March. The TSB questioned the conformity of this unilateral temporary suspension by Finland of import licences with the provisions of Article 3:6.

47. The TSB found that the data which had been transmitted to Pakistan subsequent to the notification of the action, and put before the Body, were not sufficiently complete to enable the TSB to reach a conclusion as to the existence of highly unusual and critical circumstances in the Finnish market for the product in question.

48. The TSB, having noted:

(a) the willingness of both parties to enter into consultations as soon as possible;

(b) the statement by Finland that the provisions of paragraph 12 of the Protocol of Extension would be fully respected in such consultations; and

(c) the statement by Finland that in the meantime the Finnish authorities would also take full account of the provisions of Article 3:7 of the Arrangement,

recommended that:

(i) Finland bring the time period of application of the restraint measures into accord with the effective date of its acceptance of the MFA, i.e. 5 March 1982;

(ii) Finland resume issuance of import licences as soon as possible;

(iii) Both parties consult as soon as possible, taking full account of all relevant provisions of the Arrangement and of the 1981 Protocol, and report to the TSB not later than 10 May 1982.¹

The Article 3 action was subsequently superseded by an Article 4 agreement (see paragraph 51 below).

¹COM.TEX/SB/762, paragraphs 6-11.

United States/Indonesia

49. In respect of the Article 3:5 action taken by the United States to limit imports of cotton shirts and trousers from Indonesia, the TSB, having been informed that an Article 4 agreement subsequently reached between the parties superseded the Article 3 action, agreed to consider the Article 4 agreement together with the Article 3 action.¹ (The new agreement has not yet been received by the TSB).

C. New or extended agreements under Article 4

50. In the following cases, the TSB transmitted new or extended Article 4 agreements to the Textiles Committee without comment: Austria/Hong Kong (extension), Austria/Philippines, Finland/Hong Kong, Finland/Macao, United States/Mexico, United States/Pakistan. In the case of the Austria/Philippines agreement, the TSB took account of further information which the Chairman, at the request of the Body, had received from the two parties clarifying certain aspects of the agreement. On the Finland/Hong Kong agreement, the Body took note of supplementary information made available on imports of the products under restraint into Finland.

Finland/Pakistan

51. In reviewing the new agreement concluded between Finland and Pakistan, covering exports of knitted undershirts, other than with collars (including T-shirts), which superseded the emergency action taken by Finland under Article 3:6, the TSB heard reports from the two parties concerned on the follow-up of its recommendations made with respect to the emergency action. The TSB noted that in concluding this agreement the parties² had taken account of paragraphs 11 and 12 of the 1981 Protocol of Extension.

Sweden/Thailand

52. In reviewing a new agreement concluded between Sweden and Thailand, during the final meeting of 1981, the TSB noted that growth in base levels over the previous agreement, and between the two agreement years, was provided for all categories. The rates of growth provided for were lower than the rate of not less than 6 per cent provided for in Annex B, and this was explained by the need to maintain minimum viable production in Sweden. Nevertheless, the growth rates in all cases were an improvement on those in the previous agreement.

¹ COM.TEX/SB/790, paragraphs 5-6.

² See paragraphs 43-48 above, and COM.TEX/SB/783, paragraphs 5-7

53. The TSB noted the absence of swing in this agreement. It recalled its previous observation that swing was one of the essential elements in bilateral agreements concluded under Articles 3 and 4. The TSB took note of the statement by Sweden that the absence of swing was a reflection of a mutual recognition of the minimum viable production principle. The TSB also observed that the limit of 5 per cent on the cumulative use of carryover and carry forward resulted in lower flexibility than that set out in Annex B.²

United States/Brazil

54. In reviewing the new agreement concluded by the United States and Brazil on cotton and man-made fibre products, the TSB noted that different consultation procedures had been established for cotton products and those of man-made fibre. Designated consultation levels for a number of cotton categories previously under specific restraint were lower than the former restraint levels. The TSB understood that if any new specific restraints were to be established on these cotton categories by the use of the consultation procedures, the provisions of Article 4 of the MFA and paragraphs 7 and 8 of the 1981 Protocol should be fully observed.¹

United States/Japan

55. The TSB received a notification from the United States concerning both the extension for a period of four years (1 January 1982-31 December 1985) of the bilateral agreement concluded under Article 4 with Japan in 1979, and an agreement for restraints on eleven categories pursuant to the consultation provisions of the bilateral agreement.

56. The TSB noted that:

- (i) there were certain differences in the structure of restraints concluded under this agreement from those in other Article 4 agreements;
- (ii) for five categories, restraints were established as multi-year limits for the four-year period, thus providing for substantial flexibility in the utilization of these restraints;
- (iii) five other categories were subject to yearly restraints with annual growth; one of these categories had been newly brought under restraint;

¹ See COM.TEX/SB/748, paragraphs 8 and 10.

² See COM.TEX/SB/779, paragraphs 7-9.

- (iv) one category was subject to an annual limit for 1982 with a "standstill" for the next three years unless consultations led to increases in this category;
- (v) one category previously under restraint had been liberalized.

57. The TSB also noted that:

- (i) most base levels included in the agreement were higher, and in two cases substantially higher, than previous restraint levels;
- (ii) growth in the five categories with annual restraints was lower than 6 per cent;
- (iii) no swing was provided with respect to two categories, while for seven others swing was subject to consultation, and for two further categories swing was established at 5 per cent and 7 per cent;
- (iv) carryover and carry forward were not provided for those categories subject to annual restraint levels.

58. While paying particular attention to the fact that certain elements of the agreement on restraints were not in accordance with the levels set forth in Annex B of the Arrangement, the TSB took account of statements by the two parties that the¹ balance of the elements in this agreement was satisfactory to both of them.

United States/Singapore

59. The TSB, when reviewing the new agreement between the United States and Singapore, noted that this agreement, which was a straight extension of the previous agreement, was negotiated and signed at a time (in August 1981) when the parties concerned gave considerable importance to avoiding changes which could have an effect on, or² be affected by, subsequent negotiations for renewal or extension of the MFA.

D. Amendments or modifications to Article 4 agreements

(i) EEC

60. In reviewing a modification to the EEC's agreement with Brazil, the TSB noted that Brazil had accepted a new limit for 1982 on babies' wear, ad referendum.³

¹ See COM.TEX/SB/801, paragraphs 16-19

² See COM.TEX/SB/772, paragraphs 7-8

³ COM.TEX/SB/772, paragraph 12

61. In discussing the new limits agreed between the EEC and Indonesia on categories 6, 7 and 8 (trousers, blouses and shirts) for 1982, the TSB was informed that a real risk of market disruption with respect to imports from Indonesia in these categories had been deemed by the Community to exist throughout the Community. It took note of additional information from the EEC Commission on imports from Indonesia of these categories into the Community and its regions for 1981.

62. The TSB, recalling its earlier discussions of EEC/Indonesia notifications, (in COM.TEX/SB/626, 632, 645, 647, 664, 682 and 710) noted that the restraints on these categories which were previously in effect with respect to certain EEC regions had been extended to the whole Community. It noted that whilst four of the regional limits established for 1982 were lower than the levels of trade in the categories concerned during 1981, seventeen limits were higher than trade levels. The TSB took note of a statement by the Community that both regional and Community-wide levels were the outcome of lengthy negotiations.

63. Swing among the categories under restraint was set at 5 per cent, and the TSB took note of the statement by the Community that this was due to exceptional circumstances as set out in Annex B, paragraph 5 and was in line with the Community's agreements with other suppliers.¹

64. The TSB noted that restraint levels agreed on for two categories (knitted swimwear and women's woven outerwear) in one modification to the EEC's agreement with Korea were lower than previous trade levels.² In a second case, involving new limits on three categories (briefs, women's knitted suits, and babies' wear) the TSB noted that the level established for one category may have been below that of the relevant MFA reference period, but that levels for the other two were higher.³

(ii) United States

65. The TSB reviewed a number of modifications to the United States/Korea agreement concluded under MFA II, valid for the year 1981. These modifications involved, inter alia, a reduction of swing by one percentage point (from 7 to 6 or 6 to 5 per cent respectively), and an agreement by Korea not to utilize carryover and/or carry forward in 1981, for eleven apparel categories. It had also been agreed to maintain the limit for men's and boys' wool suits at the same level as in previous years, with no growth in this category. The amendment also contained modifications sought by Korea concerning an increase of 7 per cent in the limit for Group I (yarns and fabrics) and increases of 5 per cent in the sublimits for Categories 433/434 (men's and boys' wool coats).

¹ COM.TEX/SB/801, paragraphs 6-10

² See COM.TEX/SB/762, paragraph 21

³ See COM.TEX/SB/810, paragraph 18

66. Notwithstanding the latter elements, the TSB noted that this was the second successive year where reductions in swing and elimination of carryover/carry forward had been agreed. In this connexion, the TSB once again reiterated the importance it attached to stability of access as embodied in the concept of orderly¹ development of trade in terms of Article 4, paragraph 2 of the MFA.

67. The TSB reviewed amendments to the United States' agreements with Mexico and Singapore, in which four categories relating to feather and down-filled apparel were added to the coverage of the bilateral agreements. The TSB noted that these modifications brought the product coverage of the agreements into line with the new United States categorization system, in which the products concerned are classified as apparel meeting the criteria of Article 12:1 of the MFA, and that the categories in question would be subject² to the consultation provisions of the respective bilateral agreements.

68. In reviewing an amendment to the MFA II agreement between the United States and Pakistan, the TSB noted that there was a decrease in access for the totality of Category 339, but that the increase in the sub-level for Category 339 part³ reflected Pakistan's trading interests.

69. In reviewing amendments to the United States' agreement with Sri Lanka, in which new agreed limits were introduced on cotton trousers and woollen sweaters for the period 23 November 1981-30 April 1983, the TSB noted that unilateral limits established in November 1981 under the consultation provisions of the bilateral agreement, and subsequently replaced by these agreed limits, had not been notified to the Body at the time. The provisions of the bilateral agreement concerning swing and carryover/carry forward were not applicable to these new restraints. The TSB took note of the statement by the United States that swing had been incorporated in the restraint levels, and that the seventeen-month restraint period⁴ incorporated a substantial measure of carryover and/or carry forward.

70. In respect of a number of amendments notified by the United States to its agreement with Thailand, relating to the creation of a new merged category for printcloth, a six-month extension of the agreement to end on 30 June 1983, and changes in the designated consultation level for Category 320, the TSB noted that:

¹See COM.TEX/SB/748, paragraphs 13-17

²See COM.TEX/SB/801, paragraph 22 (Mexico), COM.TEX/SB/810, paragraph 8 (Singapore)

³See COM.TEX/SB/762, paragraphs 13-14

⁴See COM.TEX/SB/801, paragraphs 25-26

- (a) The growth rates established in the original agreement were applied to all specific limits included in the extension, with the exception of the new merged Category;
- (b) The limit established for the new merged Category was below the level of trade for 1981, and was not in accord with Annex B, paragraph 1, of the Arrangement.

71. The TSB observed that the treatment given to products covered by the new merged Category with respect to Thailand appeared to be less favourable than that extended to some non-participants.

72. The TSB was informed by the United States that the question of the level for the new merged Category would, as requested by Thailand, be discussed in the course of consultations between the parties to be held in February 1983, and recommended that the two parties, in their forthcoming consultations, redress this situation.

E. Measures notified under Articles 7 and/or 8

73. The TSB, in discussing the notification by the EEC of an agreement with Korea in provisional settlement of a claim regarding transshipment of goods, notified in 1981, noted that consultations between the parties on certain aspects were continuing.

74. In discussing, on two occasions, temporary safeguard measures taken in 1982 by the EEC under its Association Agreement with Turkey concerning T-shirts and cotton fabrics, the TSB recalled that both parties were MFA participants. The TSB felt that it could not address itself to the conformity with the provisions of the Arrangement, as extended by the 1981 Protocol, of measures taken outside the framework of the MFA. The TSB, however, called the attention of both parties to the provisions of paragraph 23 of the 1981 Protocol.

75. With respect to the notification by Switzerland of the extension of its Memorandum of Understanding and administrative arrangement with Hong Kong, the TSB recalled the observations which it had made at the time of notification of the original Memorandum (see COM.TEX/SB/637, paragraphs 3 and 4) and reiterated that any actions taken under the provisions of the Memorandum should be notified under the appropriate Article of the MFA. It was noted that the consultation mechanism contained in the Memorandum had not been invoked to date.

¹ See COM.TEX/SB/810, paragraphs 12-14

² See COM.TEX/SB/748, paragraph 19

³ See COM.TEX/SB/779, paragraphs 11-12, and COM.TEX/SB/810, paragraphs 21-23.

⁴ See COM.TEX/SB/801, paragraph 13